



DEFENSE BUSINESS BOARD

Report to the Secretary of Defense

Review of DoD's Program Managers

Report FY11-03

- **Recommendations for improving the effectiveness of military program managers based on private sector best practices.**

April 2011

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Review of DoD's Program Managers

TASK

The Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)), is committed to improving the performance of the Department's acquisition program managers (PMs). To assist this effort, he requested that the Defense Business Board (DBB) identify best business practices that could improve the intake and development of uniformed program managers.

The USD(AT&L) tasked the Board to identify the structure, selection, leadership development, and the assignment paths for military leadership in acquisition, technology and logistics. The recommendations of the Task Group would focus on whether the Department could effectively employ techniques used by program managers in the private sector. A copy of the Terms of Reference (TOR) outlining the scope and deliverables for the Task Group can be found at **Appendix A**.

The Task Group consisted of Fred Cook and Joseph Wright as Co-Chairmen. Kevin Walker, Robert Toll, and Jim Kimsey also served on the Task Group. Ken Spiro served as the liaison from the Office of USD(AT&L). Colonel Jeff Kelley, USA, served as the Task Group Secretariat Representative.

PROCESS

The USD(AT&L) led the first meeting with the Task Group to emphasize his vision and provide insight on each Military Services' process for selecting program managers. Before conducting interviews with industry representatives, the Task Group gathered information on the Department's current process through interviews and discussions with senior representatives from the Office of the Secretary of Defense (OSD) and the Service Acquisition Executives (SAEs) responsible for the Department's procurement of weapons systems. The Task Group's meeting with Program Executive Officers (PEOs) yielded further government insight into this topic. The Task Group also held discussions with six PMs who recently graduated from the Defense Acquisition University (DAU).

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The Task Group gathered information on private sector PM practices through a series of briefings and interviews with leading defense suppliers and other large companies that employ program managers to lead large purchase or customer programs, including BAE Systems, Bechtel Corporation, Delta Air Lines, General Dynamics, Lockheed Martin, Northrop Grumman, Raytheon, and Rockwell Collins.

The Task Group's draft findings and recommendations were presented to the full Board for deliberation at the April 21, 2011 Quarterly Board Meeting. The Board voted to approve the recommendations. See **Appendix B** for a copy of the final presentation slides following Board input and approval.

FINDINGS

The Task Group observed that there are compelling reasons for the Department to change the way its program managers in each Service are selected, trained and managed. The Department spends over \$400B a year on acquisitions. There are mixed opinions on the effectiveness of program management. Major new programs take too long to bring to the field and are too expensive. Program managers could be more effective if the requirements and acquisition processes were more closely aligned.

For years, the Office of the USD(AT&L) has attempted to reform and improve the efficiency and effectiveness of its procurement process. The civilian program managers within DoD are well trained and remain with their program longer than the military program managers, who are often released before the recommended tour length and are sent back to the field or to Senior Service College. These frequent changes negatively affect the program. For example, short tours lead to short-term decision making and risk avoidance, which is detrimental to the program in the long-term. Furthermore, PMs have experienced an erosion of authority and an increase in bureaucracy.

Many DoD program managers, senior officials, and others who were interviewed believe that PMs spend the majority of their time going from meeting to meeting and answering the same questions amongst the various offices. As a result, many of these PMs have a civilian deputy program manager who manages the program's details. In the civilian industry, program managers are responsible for and manage the project from start to

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finish. Moreover, civilian PMs are considered to have different career paths, longer tenure, more continuity and, perhaps more business acumen, than uniformed PMs.

Military PMs spend too much time managing the politics and the “process” within DoD rather than managing their specific program. Therefore, this process should be simplified because it creates problems in recruiting and maintaining experienced PMs. Program managers tend to be “risk adverse” because the freedom of risk management has been eliminated as a result of the extensive oversight process. There are “checkers checking checkers” throughout the program management process, which is ineffective and inefficient. Program managers need to spend more time managing the business aspects rather than the DoD process.

From the perspectives of defense suppliers, the DoD acquisition performance is complicated by absences and the turnover of military PMs who tend to be in charge of large projects. Defense suppliers support a strong DoD program management function with increased PM tenure, continuity and business acumen. All PMs in DoD should understand the business dynamics that drive defense suppliers and affect performance. Industry would support an expanded Defense-to-Industry exchange program for PMs. In industry, PMs are a line function and a career aspiration and destination. Finally, it is important to foster a cooperative relationship with the PMs.

RECOMMENDATIONS

Based on the findings above, the Defense Business Board identified the following three themes and supporting recommendations to improve the effectiveness of military program managers. The first two themes offer a choice of either professionalize the uniform acquisition corps or put civilians in leadership program manager roles. The third theme stands on its own.

1. Professionalize the Uniformed Acquisition Corps.

- a. Make the acquisition force a career destination, not a rotational stop on the way to another assignment or promotion.
- b. Build a culture and tradition in the acquisition corps that is proud, responsible, and enduring.

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- c. Reemphasize and enforce PM tenure provisions. Increase tenure requirements for the most important programs.
- d. Establish separate boards for the promotion to field grade and general/flag rank.
- e. Reduce the bureaucratic interference, risk intolerance, time commitments, and lack of trust that undermine the PMs' proper execution of program missions. The goal is to have PMs accept more risk and responsibility.
- f. Extend the one-year ban between PM retirement and employment by prime contractors to two years.

Recommendations are also presented on the recruitment and selection, training and development, and management and performance measurement of these program managers. An incentives and rewards program is also recommended to recognize sustained acquisition force excellence. These supporting recommendations are identified in the slide deck in **Appendix B** on pages 9 through 12.

2. Put Civilians in Leadership Program Manager Roles.

- a. Larger acquisition programs require experienced PMs who do not leave the program for tour duty.
- b. Several of the supporting recommendations under the first recommendation (e.g. the training and performance measurement) are equally applicable to civilian PM leaders if the first recommendation is not implemented.
- c. Cross fertilize civilians between the Services.
- d. Develop financial incentives and rewards tailored to the PMs' effectiveness and program success.
- e. Maintain a strong role for uniformed members of the program management team in operational PM roles in order to make sure that the needs of the combat forces are met in a timely and effective fashion.

3. Better Align the Requirements, Resources and Acquisition Processes.

- a. Rethink the role of the Service Chiefs in the acquisition process. Service Chiefs are responsible for the requirements process and funding, but are not responsible for the acquisition process, creating a discontinuity.
- b. Extend the capability-requirements process deeper into the acquisition process so that the cost and capabilities trades can be made earlier in the acquisition process.
- c. Redefine and expand the PM role so that it is an effective integrator at the intersection of requirements, resources, and acquisition.
 - i. For example, the PM should challenge the requirements that might be closely met by a reasonable cost/benefits trade off.
 - ii. Strengthen the program manager's ability to challenge subsequent scope and requirement changes that increase schedules and costs.
- d. Align the program manager's responsibilities and authorities to the revamped JCIDS system for joint acquisitions of "three tier of capabilities based on urgency of need and time to fielding."
- e. Require personal approval by the Service Secretaries and the Service Chiefs of change orders after an ACAT 1 or 2 program passes Critical Design Review (CDR), in addition to approval by the USD(AT&L).
- f. Assess the special acquisition authority of Special Operations Command to determine whether it can be extrapolated to other acquisitions that are deemed urgent, expensive, being bought in large quantities, and require a lot of R&D and lifecycle support.
- g. Maintain USD(AT&L) authority to use expedited processes for Urgent Operational Needs (UONs) from Combatant Commanders.

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CONCLUSION

The Board recognizes the necessity of improving the intake and development of uniformed program managers. The Board expects that these recommendations will help improve the effectiveness of military program managers based on private sector best practices for major program and project management executives.

Respectfully submitted,



Fred Cook
Co-Chairman



Joseph Wright
Co-Chairman

APPENDIX A

TERMS OF REFERENCE

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ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

DEC - 3 2010

MEMORANDUM FOR THE CHAIRMAN, DEFENSE BUSINESS BOARD

SUBJECT: Terms of Reference – “Review of DoD’s Program Managers”

My staff is working to improve the performance of the Department’s acquisition program managers. To assist this effort, I request you form a DBB Task Group to identify best business practices that could improve the intake and development of military acquisition program managers. I want to identify the structure, selection, leadership development and the assignment paths ahead for uniform leadership in acquisition, technology and logistics. I recommend that your Task Group talk with former and present program managers from DoD, as well as senior individuals who have supervised program managers. The Task Group will consist of Fred Cook as Chairman, Joseph Wright, Kevin Walker, Robert Toll and Neil Albert. Please work with the Director of Portfolio Systems Acquisition (PSA) for technical support as needed. Mr. Ken Spiro from PSA will serve as the liaison from AT&L. Colonel Jeff Kelley, USA, will serve as the Task Group Secretariat Representative. Request that you present your findings and draft recommendations for the Board to deliberate at the April 2011 DBB meeting.

As a subcommittee of the DBB, and pursuant to the Federal Advisory Committee Act of 1972 and the Government in the Sunshine Act of 1976, this Task Group shall not work independently of the DBB’s charter, and shall report its recommendations to the full Board for public deliberation. The Task Group does not have the authority to make decisions on behalf of the chartered Board, nor can its members report directly to any federal officer or employee who is not also a Board member. This Task Group will avoid discussing “particular matters” within the meaning of title 18, U.S. Code, section 208.

Ashton B. Carter

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APPENDIX B

FINDINGS AND RECOMMENDATIONS PRESENTED

TO THE FULL BOARD ON APRIL 21, 2011

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Review of DoD's Program Managers

Task Group

21 April 2011

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Program Management Task Group

Terms of Reference:

Bring best business practices from the private sector to improve the intake and development of uniformed military acquisition program managers

Focus on the selection, training and development, management and performance measurement, and incentives/rewards for uniformed program managers

Deliverables:

Provide recommendations for improving the effectiveness of military program managers based on private sector best practices for major program/project management executives

Task Group Members:

Fred Cook (Chair), Joe Wright (Co-Chair), James Kimsey, Bob Toll, and Kevin Walker

Military Assistant:

COL Jeffrey P. Kelley, USA

Process

Interviewed

Private Sector

- BAE Systems
- Bechtel Corporation
- Delta Air Lines
- General Dynamics
- Lockheed Martin
- Northrop Grumman
- Raytheon
- Rockwell Collins

Department of Defense

- Service Acquisition Executives
- Program Executive Officers
- Program Managers
- Retired Officers and PAS

Observations

❑ From DoD

- Over \$400B is spent annually on acquisitions by DoD – with mixed opinions on effectiveness of program management and outcomes
- Major new programs take too long to bring to field and are too expensive
- PMs could be more effective if there was closer alignment between the requirements, resources and acquisition processes
 - Requirements process and funds under military control; acquisition process under civilian control
- Acquisition work is process driven, not capabilities driven
- Tenure agreements for military PMs are interrupted/shortened by promotion, deployments, schools, and transfers
 - Short tours lead to short-term decision making and risk avoidance, to the long-term detriment of the program
- PMs have experienced an erosion of authority and an increase in bureaucracy
 - PMs impeded in their mission by extensive oversight requirements and time spent handling the political/approval process
 - Perception that trust and confidence in PMs is lacking
- Civilian PMs are considered to have different career paths, longer tenure, more continuity and, perhaps, more business acumen than uniformed PMs

Observations

❑ From Defense Suppliers

- Overall, DoD acquisition performance is complicated by absences and turnover of military PMs who tend to be in charge of large projects
 - Frequent changes in PMs can cause difficulties for the program
- Defense suppliers support a strong DoD program management function
 - With increased PM tenure, continuity and business acumen
- All PMs in DoD should understand the business dynamics that drive defense suppliers and which affect performance
- Industry would support an expanded Defense-to-Industry exchange program for PMs
- In industry, PMs are a line function and a career aspiration/destination
- Want to foster a cooperative relationship with PMs – “one team, one fight”

Recommendations – Three Big Themes

1. Professionalize the Uniformed Acquisition Corps

- A job, not a tour; a career destination

OR

2. Put Civilians in Leadership PM Roles

- Uniformed officers in operational/field roles

AND

3. Align the Requirements, Resources and Acquisition Processes

- Process failures contribute to program and capabilities failures
- Goal is greater accountability to the users of program management

Supporting Recommendations

THEME 1. Professionalize the Uniformed Acquisition Corps

- Make the acquisition force a career destination, not a rotational stop on the way to another assignment and promotion
- Build a culture and tradition in the acquisition corps that is proud, responsible and enduring
- Reemphasize and enforce PM tenure provisions
 - Increase tenure requirements for the most important programs
- Establish separate boards for promotion to field grade and general/flag rank
- Reduce the bureaucratic interference, risk intolerance, time commitments and lack of trust that undermine PMs' proper execution of program mission
 - Goal is to have PMs accept more risk and responsibility
- Extend the one-year ban between PM retirement and employment by prime contractor to two years

Supporting Recommendations

Recruitment and Selection:

- Set goal to expand the talent pool of those interested in joining the acquisition force so we can be selective in choosing those who enter
 - Aim to make the acquisition force an attractive career choice and career path for promotion and recognition
- Raise standards for officers to compete to enter the Acquisition Corps
- Extrapolate the model of the Vice Admiral US Naval Surface Force in recruiting and mentoring junior officers into the acquisition force
- Identify the traits necessary for effective PM work and use these to screen PM candidates
 - Assess whether special skill sets are needed for IT/Software/Services PMs
- If a Service requires PMs to have command/combat experience, the PM could acquire that experience early in their career and then come in as an O4

Supporting Recommendations

Training and Development:

- Increase the time spent by PM team members in training, development and rotation; reduce the same for sitting PMs
- Identify high-potential officers in the acquisition force and give them a tour in industry to gain business savvy
 - Expand DoD's corporate fellowship program in the acquisition community, also Services Training-with-Industry programs
- Identify the most complex and important acquisition programs and insist they be headed by the best program managers
- Increase DAU training in business/financial acumen:
 - USN program at University of North Carolina and USAF program at University of Tennessee may be models
- Place a separate emphasis on IT/Software/Services training for PMs
- Consider the top uniformed PMs across DoD for cross-service rotation
- Train and build resources for the long term, not just for current programs and regulations

Supporting Recommendations

Management and Performance Measurement:

- Conduct a skills inventory among uniformed PMs
 - Self-assessment of strengths and weaknesses for acquisition work, with input from supervisor
- Prune out poorly performing or equipped PMs
- Fast track the most capable with the highest potential
 - Give them the toughest jobs
- Do not force retirement at 30 years
 - Or, convert the best to civilian acquisition force for continuity
- Develop a specific PM performance evaluation process and form for PMs to supplement Fitness Reports for uniformed PMs and PM agreements
 - Process could be uniform throughout AT&L or vary by Service
- However, each program should define its own success criteria and evaluate the program management team on these

Supporting Recommendations

- PMs also should be evaluated annually on the skills and attributes deemed important for PM effectiveness, e.g.,

Leadership

Judgment and decision making

Drive and commitment

Team building

Respected by peers

Business competencies

Technical competence

Planning and analytical skills

Resourcefulness and creativity

Interpersonal skills

➤ See next page for industry's view of characteristics of great PMs

- PEOs, PMs and their teams also should have an opportunity to participate in 360 degree reviews and receive feedback
- When evaluating PMs consider not just short-term actions but longer-term effects on program effectiveness and supplier relationships

Incentives and Rewards:

- Consider a hierarchy of non-promotion rewards and recognition for sustained acquisition force excellence

WHAT ARE THE CHARACTERISTICS OF YOUR BEST PROGRAM MANAGERS? WHAT MAKES THEM GREAT?

Company A

- Enormous energy
- Self Confident, but not arrogant
- Lead great people/teams
- Open Minded
- Decisive
- Self Starter
- Passion for moving out
- Prudent risk taker
- Comfortable with uncertainty
- Able to talk on many levels-simple to complicated

Company B

- Dedicated to success
- Know their program well
- Loyal to people
- Financial acumen
- Ethics/Integrity
- High Energy
- Decisive
- Good problem solver

Company C

- Customer centric
- Mission focused
- Outstanding interpersonal skills
- Skilled in risk management
- Outstanding team developer
- Passionate about the job
- Integrity
- Treat people with courtesy, dignity and respect



Supporting Recommendations

THEME 2. Put Civilians in Leadership PM Roles

- Larger acquisition programs require experienced PMs who do not leave program for tour duty
- Several of the supporting recommendations under Theme 1 are equally applicable to civilian PM leaders (e.g., training and performance measurement) if Theme 1 is not adopted
- Cross fertilize civilians between the services
- Develop financial incentives and rewards tailored to PM effectiveness and program success
- Maintain strong role for uniformed members of the program management team in operational PM roles, making sure the needs of the combat forces are met in a timely and effective fashion

Supporting Recommendations

THEME 3. Align the Requirements, Resources and Acquisition Processes

- Rethink the role of the Service Chiefs in the acquisition process
 - Service Chiefs responsible for requirements process and funding, but not acquisition process
- Extend the capability-requirements process deeper into the acquisition process so that cost/capabilities trades can be made earlier in the acquisition process
- Redefine and expand the PM role to be an effective integrator at the intersection of requirements, resources and acquisition
 - E.g., to challenge requirements that might be closely met by a reasonable cost/benefits trade off
 - Strengthen PMs ability to challenge subsequent scope/requirement changes that increase schedule/costs

Supporting Recommendations

- Align PM responsibilities and authorities to the revamped JCIDS system for joint acquisitions of “three tier of capabilities based on urgency of need and time to fielding”
- Require personal approval by the Service Secretaries and the Service Chiefs of change orders after an ACAT 1 or 2 program passes Critical Design Review (CDR), in addition to approval by USD, AT&L
- Assess the special acquisition authority of Special Operations Command to determine whether it can be extrapolated to other acquisitions that are deemed urgent and that are expensive, being bought in large quantities, and require a lot of R&D and lifecycle support
- Maintain USD AT&L ability to utilize expedited processes for Urgent Operational Needs (UONs) from Combatant Commanders